

FACTORING DEBT RECOVERY POLICY

Policy supersedes previous policy	Introduced 3 rd February 2010
This version approved by WSPM Board	26 th October 2015
Next review proposed	October 2020
Policy Owner	R Innes – Factoring Manager

1. INTRODUCTION

WS Property Management Ltd (WSPM) is responsible for the general management and administration of the common property within various blocks of flats in which their parent organisation, Whiteinch & Scotstoun Housing Association Ltd hold an interest. We will also consider invitations to factor wholly owner-occupied blocks where there would be a benefit to the proprietors and the wider community. WSPM invoices and collects payments from owners for repairs, maintenance and the general management of the block. Where owners have refused or delayed making payment, WSPM must have an effective strategy in place to recover sums due.

Debt prevention and recovery is a key business objective in ensuring the financial viability of WSPM. Pursuing debt can be costly in terms of staff time and resources. WSPM will therefore engage in robust and timely recovery practices to ensure that settlement of outstanding balances is achieved at the earliest possible opportunity.

2. PRINCIPLES, AIMS AND OBJECTIVES OF THE POLICY

Principles

WSPM aims to provide an efficient factoring service for owners in factored properties.

WSPM will maximise use of resources available to recover arrears due, to ensure the level of debt is minimised in a sensitive but effective manner, applying consistency where possible.

Aims

Debt prevention - to provide advice and assistance to customers when required. Ensuring customers are aware of the obligations placed upon them and to provide a range of flexible options for paying sums due.

Debt Management - to take positive action at an early stage to ensure debt is effectively managed and to ensure that your property continues to be properly maintained.

Debt Recovery - to recover sums due timeously based on a staged escalation process beginning with internal efforts and then court action if required.

Objectives

- To monitor levels of debts.
- To provide factored owners with appropriate information on possible debt recovery methods that can be utilised by WSPM to recover sums due
- To offer early and suitable professional support and guidance.
- To set out the early intervention mechanisms to prevent debt arising.

3. DEBT PREVENTION

WSPM is committed to preventing debt and we will adopt a supportive approach to our customers placing an emphasis on prevention, assistance and co-operation. WSPM will ensure that factored owners are aware of advice sources that are available when arrears arise. WSPM rely on customers to inform them if they encounter financial difficulties and are unable to make payment of sums as they fall due.

4. DEBT MANAGEMENT

Where factoring arrears have arisen, WSPM may offer factored owners the opportunity to enter into a repayment arrangement to allow them to pay off the arrears in instalments over a period of time, depending on the circumstances. Repayment arrangements will also require a commitment to honour on-going charges. Where WSPM are aware of owners that are unable to meet on-going factoring charges, they will provide advice and assistance to such owners and will signpost to debt counselling, money advice and support organisations.

5. DEBT RECOVERY

WSPM will seek to tackle arrears recovery at the earliest opportunity. We are committed to effective debt recovery which will be based on a consistent approach to each case.

Factoring Invoices will be due for payment within 14 days from the date of issue.

The following escalation process will apply to unpaid debts:

1) Factoring invoices will be issued quarterly on 10th of February, May, August and November. As WSPM invoices in arrears, payments should be made within 14 days of receipt of the invoice.

2) A Statement of Account will be sent to each owner approximately 2 weeks after issue of the invoice.

3) If an owner refuses to pay or delays payment, a reminder letter will be sent. This letter will: -

- Clearly state the outstanding balance and urgent need of settlement
- Advise of potential consequences of non-payment
- Invite contact to establish reasons for non-payment

4) Should a factored owner: -

- fail to make full payment of arrears within 7 days of being served with the reminder letter, or
- fail to make contact with WSPM within 7 days of being served with the reminder letter.

WSPM will issue a second and final reminder letter.

5) Should a factored owner: -

- fail to make full payment of arrears within 7 days of being served with the final reminder letter, or
- fail to make contact with WSPM within 7 days of being served with the final reminder letter.

The debt will be referred to our solicitors for recovery of the outstanding sums. Our solicitors will write to debtors to confirm that they have received instructions to recover the sums due.

Once a recovery action commences, legal costs will accumulate and all such accrued costs will be added to the debt owed by the factored owner. Factored owners faced with legal action will be warned that it can add a significant amount to the principal sum owed.

WSPM, may register a Notice of Potential Liability for Costs over the Title Deeds for the property setting out that a debt is due. This may affect/restrict the factored owners' ability to sell their property.

Once Decree is granted, if full payment (inclusive of legal costs) is still not forthcoming, either by one-off payment or by means of an agreed repayment arrangement, Sheriff Officers will be called upon to carry out debt enforcement action. This may include the following. An indication is shown of where the Factoring Manager is delegated to take action and which actions would require Board approval:-

Factoring Manager

- Freezing of Bank Account
- Arrestment of wages
- Arrestment of rent from owners' tenants
- Registering a Notice of Potential Liability for Costs on the Title Deeds
- Inhibition on property (debt secured on property, prevents raising of equity on property).

Board Approval

- Attachment (non-essential goods out with the home) or Exceptional Attachment (non-essential goods inside the dwelling house) Orders
- Sequestration
- Any other legal means to ensure recovery.

6. Disputed Debts

Customers can make enquiries about items charged on their factoring invoice by e-mail, letter, telephone or in person at our offices in Whiteinch. Factoring staff aim to answer any queries within 5 working days. On occasion WSPM may have to seek information from contractors or other third parties in order to answer a customer enquiry. In these circumstances we would aim to respond within 20 working days and would advise the customer accordingly.

If after receiving an explanation for a charge or debt on their account a customer is still dissatisfied, the customer will be provided with a copy of WSPM's Complaints Procedure.

WSPM will suspend any legal action against a customer for recovery of a disputed debt while a complaint is being considered in terms of the Complaints Policy or where the matter has been referred to Homeowner Housing Panel.

7. Former Owner Debt

WSPM do not always receive notification that a property is being sold. This can lead to factoring debt being left by the former owner which can be particularly difficult to recover. Factoring staff will regularly check newspapers and websites for properties available for sale or auction in our area of operation, identify those where a factoring debt is due and will immediately register a Notice of Potential Liability for Costs over the Title Deeds for the property.

Every effort will be made to recover debts from former owners. If necessary, tracing agents, sheriff officers and debt collection agencies will be used to trace debtors and to recover outstanding sums.

In some cases it is not cost effective to spend large amounts of staff time and resources to recover relatively small amounts of debt, particularly when the debtor's whereabouts are unknown. If all attempts to recover the arrears due by former owners have failed, the debt will be written off in accordance with WSPM'S financial procedures.

7. Policy Review

This policy will be reviewed at least every five years. It will be reviewed earlier if changes in legislation or good practice deem this necessary.